

HOUSE BILL 2891  
By Head

AN ACT to amend Tennessee Code Annotated, Title 65 and Title 67, relative to the "Tennessee Broadband Technology Incentive Act of 2004".

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. The title of this act is, and may be cited as, the "Tennessee Broadband Technology Incentive Act of 2004".

SECTION 2. Tennessee Code Annotated, Section 67-4-2109, is amended by adding the following new subsection:

(g) With respect to the investment in each year by a telecommunications service provider, as defined in Section 65-4-101(c), or a cable operator, as defined in 47 U.S.C. §522(5), after June 30, 2004, and before July 1, 2014, there shall be allowed an annual credit against the sum total of the taxes imposed by the Franchise Tax Law, compiled in this part, and by the Excise Tax Law, compiled in part 20 of this chapter.

(1) Such annual credit shall be an amount equal to:

(A) Five percent (5%) of the cost of equipment used in the deployment of broadband technologies in Tier One areas;

(B) Ten percent (10%) of the cost of equipment used in the deployment of broadband technologies in Tier Two areas; and

(C) Fifteen percent (15%) of the cost of equipment used in the deployment of broadband technologies in Tier Three areas.

(2) Such annual credits shall be allowed commencing with the taxable year in which such property is placed in service and continue for nine (9) consecutive years thereafter. The aggregate credit established by this section taken in any one (1) tax year shall be limited to an amount not greater than fifty

percent (50%) of the taxpayer's sum total of tax liabilities imposed by the Franchise Tax Law, compiled in this part, and by the Excise Tax Law, compiled in part 20 of this chapter; however, any tax credit claimed under this section, but not used in any taxable year, may be carried forward for fifteen (15) consecutive years from the close of the tax year in which the credits were earned.

(3) The maximum aggregate amount of credits that may be claimed under this section shall not exceed the original investment made by a telecommunications service provider or a cable operator in the qualifying equipment used in the deployment of broadband technologies.

(4) For purposes of this subsection (g):

(A) "Tier One areas" means counties with a population density of more than or equal to five hundred (500) per square mile of land area according to the latest U.S. Census.

(B) "Tier Two areas" means counties with a population density of one hundred (100) to five hundred (500) per square mile of land area according to the latest U.S. Census.

(C) "Tier Three areas" means counties with a population density of less than or equal to one hundred (100) per square mile of land according to the latest U.S. Census.

(D) "Equipment used in the deployment of broadband technologies" means any equipment capable of being used for or in connection with the transmission of information at a rate, prior to taking into account the effects of any signal degradation, that is not less than one hundred forty-four (144) kilobits per second in at least one (1) direction, including, but not limited to, digital equipment, fiber optics and related equipment; provided, however, that equipment used in the deployment of broadband technologies shall not include copper cable, coaxial cable or analog equipment.

SECTION 3. Tennessee Code Annotated, Section 67-4-2009, is amended by adding the following new subdivision:

(10) With respect to the investment in each year by a telecommunications service provider, as defined in Section 65-4-101(c), or a cable operator, as defined in 47 U.S.C. §522(5), after June 30, 2004, and before July 1, 2014, there shall be allowed an annual credit against the sum total of the taxes imposed by the franchise tax law, compiled in part 21 of this chapter, and by the Excise Tax Law, compiled in this part:

(A) Such annual credit shall be an amount equal to:

(i) Five percent (5%) of the cost of equipment used in the deployment of broadband technologies in Tier One areas;

(ii) Ten percent (10%) of the cost of equipment used in the deployment of broadband technologies in Tier Two areas; and

(iii) Fifteen percent (15%) of the cost of equipment used in the deployment of broadband technologies in Tier Three areas.

(B) Such annual credits shall be allowed commencing with the taxable year in which such property is placed in service and continue for nine (9) consecutive years thereafter. The aggregate credit established by this section taken in any one (1) tax year shall be limited to an amount not greater than fifty percent (50%) of the taxpayer's sum total of tax liabilities imposed by the Franchise Tax Law, compiled in part 20 of this chapter, and by the Excise Tax Law, compiled in this part; however, any tax credit claimed under this section, but not used in any taxable year, may be carried forward for fifteen (15) consecutive years from the close of the tax year in which the credits were earned.

(C) The maximum aggregate amount of credits that may be claimed under this section shall not exceed the original investment made by a telecommunications service provider or a cable operator in the qualifying equipment used in the deployment of broadband technologies.

(D) For purposes of this subdivision (10):

(i) "Tier One areas" means counties with a population density of more than or equal to five hundred (500) per square mile of land area according to the latest U.S. Census.

(ii) "Tier Two areas" means counties with a population density of one hundred (100) to five hundred (500) per square mile of land area according to the latest U.S. Census.

(iii) "Tier Three areas" means counties with a population density of less than or equal to one hundred (100) per square mile of land according to the latest U.S. Census.

(iv) "Equipment used in the deployment of broadband technologies" means any equipment capable of being used for or in connection with the transmission of information at a rate, prior to taking into account the effects of any signal degradation, that is not less than one hundred forty-four (144) kilobits per second in at least one (1) direction, including, but not limited to, digital equipment, fiber optics and related equipment; provided, however, that equipment used in the deployment of broadband technologies shall not include copper cable, coaxial cable or analog equipment.

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.